

# CERTIFICATION DOCUMENTATION AND IMPLEMENTATION PLAN

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## SUBMITTED BY THE STATE OF WEST VIRGINIA DEPARTMENT OF COMMERCE

*The West Virginia Department of Commerce/West Virginia Development Office (WVDOC/WVDO) submits its Certification Documentation and this Implementation Plan on March 23, 2017 to demonstrate to HUD in advance of signing a grant agreement pursuant to the allocation of CDBG-DR funds awarded to the State of West Virginia as set forth in the notices published at 81 FR 83254 and 82 FR 5591 that WVDOC/WVDO has in place proficient controls, procedures, and the management capabilities necessary to effectively manage this allocation.*



West Virginia Development Office

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## Introduction

The Continuing Appropriations Act of 2017 (Pub. L. 114 – 223 and Pub. L. 114-254) (Appropriations Act) was enacted to appropriate federal funds for disaster relief. The Appropriations Act gives monies to states for disaster recovery efforts in the affected areas. The federal government appropriated \$2,305,276,000 in Community Development Block Grant Disaster Recovery (CDBG - DR) funds to be given to the various states that were declared to have suffered a major disaster by the President of the United States in 2016. These funds are to be used to satisfy a portion of unmet need that remains after other federal assistance such as the Federal Emergency Management Agency (FEMA) funds, Small Business Administration (SBA) loans, or private insurance has been allocated.

The Department of Housing and Urban Development (HUD) uses the “best available” data to identify and calculate unmet needs for disaster relief, long-term recovery, restoration of infrastructure, and housing and economic revitalization. Based on this assessment, HUD notified the State of West Virginia that it will receive a total allocation of \$104,280,000 in CDBG - DR funding awarded by HUD for recovery programs stemming from Federal Disaster 4273, of which, 80% must be spent in Kanawha and Greenbrier counties (Award).<sup>1</sup>

The Appropriations Act requires that the State must expend the funds within six years of the signed agreement between HUD and the State unless HUD grants an extension. All allocated funds shall be used for eligible disaster-related activities. To ensure that fraud, waste, and misuse of funds does not occur, effective controls must be in place and monitored for compliance.

The West Virginia Development Office (WVDO) under West Virginia's Department of Commerce (CAD/ERU) has been designated by the Office of the Governor of West Virginia as the responsible entity to administer the Award. Specifics of the Implementation Plan are further detailed herein; however, the unit within the WVDO which will oversee the implementation and compliance of the Award is the West Virginia Community Advancement and Development Unit (WVCAD) and its Economic and Community Resiliency Unit (ERU) (together CAD/ERU). The CAD/ERU will focus recovery efforts on activities that will address the broad impacts related to recovering from the disaster. The Award is crucial funding necessary to continue the recovery process. Consistent with HUD's vision and because the Award will fund a range of recovery activities, the State, through CAD/ERU, will be able to help neighborhoods recover and build resilient communities.

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<sup>1</sup> West Virginia has submitted to HUD for its consideration a Waiver request to include the counties of Clay and Nicholas within the HUD-identified most impacted and distressed areas for this allocation. At the time of this submission, HUD had not granted the Waiver request. If, however, HUD does allow for Clay and Nicholas Counties to be included in the State's MID area, then 80% would then be required to be spent in Kanawha, Greenbrier, Nicholas, and Clay Counties.



As required by HUD, CAD/ERU submits this compilation of Certification Documentation along with its Implementation Plan. The State demonstrates through these various policies and procedures that it has in place the proficient controls, procedures, and management capacity to effectively manage the Award. This Compilation includes the policies and procedures which will be utilized by the CAD/ERU to oversee the Award in various areas such as financial controls, procurement, duplication of benefits, timely expenditure of funds, disaster recovery website, and various policies and procedures necessary to detect and prevent waste, fraud, and abuse of funds.

## **Financial Controls**

### *OMB Audit and Financial Statement*

The State expends more than \$5.9 billion in Federal awards annually, and thus maintains compliance with 2 CFR 200, Subpart F (Single Audit Requirements) the annual review of expenditures every fiscal year by an independent Certified Public Accountant (CPA). In accordance with Single Audit requirements, the independent CPA firm evaluates whether the State's major federal programs are compliant with laws, regulations, contracts, and grant rules as applicable to each program. The most recent Single Audit report for fiscal year 2015, is included herewith for review at **Appendix A**.

Upon completion of the thorough review, the report found that the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ending June 30, 2015. WVD0C / WVD0 did not have any findings stemming from the most recent Single Audit.

The Finance Division under the Department of Administration maintains the annual financial statement for the State in full compliance with 2 CFR 200.510. The State's Comprehensive Annual Financial Report for the fiscal year ending June 30, 2015 is included herewith at **Appendix B**.

### *FY2017 Guide for Review of Financial Management*

Financial management and control of the Award is the responsibility of the Finance / Administration Division within the WVD0C and the Finance Unit within the CAD. This section describes the financial management procedures that must be followed to comply with state and federal requirements for financial management. WVD0C and CAD have a financial management system that addresses:

- Internal Controls
- Bonds



- Payment and Financial Reporting
- Cost Sharing or Matching
- Program Income
- Revision of Budget and Program Plans
- Allowable Expenses Pre/Post Award (Period of Performance)
- Record Retention and Access

Further demonstration of West Virginia's financial management controls, roles and responsibilities, and systems can be found in the Accounting Policies and Procedures and corresponding Guide for Review of Financial Management submitted herewith at **Appendices C, and C-1<sup>2</sup>**.

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<sup>2</sup> At the time of the submission of this Certification Documentation and Implementation Plan, the *Public Law 114-223/254 Guide for Review of Financial Management for CDBG-DR Grantees* (Guide) had not been released by HUD yet. After inquiry to HUD and multiple reviews of updated links on HUD exchange, the updated *Guide* was not able to be located. Thus, the State is submitting the only *Guide* able to be located on HUD exchange to demonstrate that proficient financial controls are in place. Upon release of the updated *Guide* for PL 114-223/254, if necessary, the State would be pleased to provide HUD with any additional information.

## Procurement Processes

Procurements for CDBG-DR programs are governed by those specific procurement requirements set forth under 24 CFR Part 570, 24 CFR Part 85, 2 CFR 200.317-200.326 and all applicable state laws and regulations. Aligned with the requirements of these federal regulations, when procuring property or services to be paid for in whole or in part with CDBG-DR funds, West Virginia shall follow its own state procurement laws, regulations, policies and procedures it uses for its non-Federal funds. All of these policies and procedures are as stringent, or more so, than the federal procurement requirements. By following West Virginia's procurement laws, the state shall ensure that each procurement stemming from the CDBG-DR program occurs with full and open competition. Should the State's CDBG-DR Program involve other non-Federal entities at any time, including subrecipients of West Virginia, these non-Federal entities will be required to follow 2 CFR §§200.318-200.326.

Generally, the governing procurement statutes and regulations can be found at West Virginia Code Section 5A-3-1 et seq., and the West Virginia Code of State Rules Section 148-1-1 et seq. The State's purchasing Statutes may be viewed at <http://www.legis.state.wv.us/WVCODE/Code.cfm?chap=05a&art=3> and its purchasing regulations may be viewed at <http://www.state.wv.us/admin/purchase/rules.html>. All state agencies, state procurement officers and their staff are required to comply with the requirements set forth therein to perform procurement and other related activities. Thus, WVDOC, WVDO and CAD/ERU are required to follow these same requirements. The West Virginia Department of Administration - Purchasing Division (WVPD) is responsible for the timely, responsive and efficient procurement of goods and services for state government and all procurements are ultimately approved by WVPD.

In accordance with West Virginia's law and other regulatory requirements, specific procedures have been established to ensure compliance and to provide a fair, equitable process to procure commodities and services. These specific procedures implemented by WVPD can be viewed at **Appendix D** and at <http://www.state.wv.us/admin/purchase/handbook/2015R4/default.html>.

As outlined in those purchasing procedures, the state uses a variety of source selection processes, including emergency purchases, simplified "small" or "micro" purchase procedures, specific procedures for purchases between \$2,500.01 and \$25,000 and standard competitive procedures such as competitive sealed bidding and competitive sealed proposals, qualification based selection procedures for the acquisition of construction related professional design services; and, indefinite delivery contracts for construction and related design services.

A focus of West Virginia's is that opportunities be made available for small and minority businesses. Accordingly, the state maintains a robust Small & Minority Business Contracting and

Certification Program. The preference for such qualified entities is fully detailed both within the state's procurement laws and the WVPD Handbook at Section 6.3.2.

Further safeguarding compliance with federal requirements, West Virginia shall ensure that all purchase orders and contracts include any clauses required by Federal statutes, executive orders and implementing regulations such as those listed at 2 CFR 200.326.

The state's current procurement laws, regulations, policies and procedures also include ethical standards of conduct governing employees engaged in the award or administration of contracts. West Virginia maintains a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. In fact, the State requires all evaluators and advisor(s) of solicitations, despite the type of transaction, and the agency procurement officer, to sign a ***Certification of Non-Conflict of Interest***, in accordance with the ***West Virginia Code*** §5A-3-31. By signing this certification, the evaluator(s), advisor(s) and agency procurement officer attest that: (1) his or her service on the evaluation committee is not in violation of West Virginia Code § 5A-3-31, § 6B-2-5, or any other relevant code section; (2) his or her service on the evaluation committee does not create a conflict of interest with any of the participating vendors; and (3) he or she has not had or will not have contact relating to the solicitation identified herein with any participating vendors between the time of the bid opening and the award recommendation without prior approval of the Purchasing Division. Agency procurement officers discuss the non-conflict of interest issue with potential committee members to ensure that individuals who may have a conflict are not chosen to participate as evaluation committee members. Furthermore, under the State's purchasing rules, a contract will be cancelled should it be determined that said contract was received in conflict with any federal law or regulation or if the existence of an organizational conflict of interest is determined.

West Virginia's procurement policies of the state do align with the requirements set forth under 2 CFR 200.318-200.326 ensuring fair and open competition. The following table provides a cross-walk between the federal regulatory requirement and its counterpart under West Virginia's procurement law – both under the state's procurement statutes and purchasing regulations.



Federal Citation	Short Title	West Virginia Code and West Virginia Code of State Rules	West Virginia Purchasing Division   Procedures Handbook (rev. July 1, 2016)
2 CFR 200.318	General Procurement Standards	West Virginia Code § 5A-3-1, et seq. West Virginia Code of State Rules 148 CSR 1	West Virginia Purchasing Division Procedures Handbook
2 CFR 200.319	Competition	West Virginia Code § 5A-3-31 West Virginia Code § 148-1-6.5a	Section 6 – Formal Acquisition Procedures 3.4 Specifications
2 CFR 200.320	Methods of Procurement to be Followed	West Virginia Code § 5A-3-10 West Virginia Code § 5A-3-10(a)-(e) West Virginia Code § 5A-3-11 West Virginia Code § 5A-3-11(a)-(c)	Section 5 – Agency Delegated Acquisition Procedures Section 6 – Formal Acquisition Procedures Section 7 – Special Acquisitions
2 CFR 200.321	Contracting with Small, Minority, Women Owned Businesses	West Virginia Code § 5A-3-37(a)(7) West Virginia Code § 5A-3-59 West Virginia Code of State Rules § 148-22-1 et seq. West Virginia Code of State Rules § 148-22-9	4.4 Small, Women-, and Minority-owned Business Certification  6.3.2 Preference for Non-Resident Small, Woman, and Minority-Owned Businesses
2 CFR 200.322	Procurement of Recovered Material	West Virginia Code § 5A-3-43 West Virginia Code § 5A-3-44 West Virginia Code § 5A-3-45 West Virginia Code § 5A-3-46 West Virginia Code § 5A-3-47	Surplus Property Management 3.6.1.1 Surplus Property See also Surplus Property Operations Manual (Appendix G of Procedures Handbook) <a href="http://www.state.wv.us/admin/purchase/surplus/surplus_operations_manual.pdf">http://www.state.wv.us/admin/purchase/surplus/surplus_operations_manual.pdf</a>
2 CFR 200.323	Contract Cost and Price	West Virginia Code of State Rules § 148-1-6.8  West Virginia Code of State Rules § 148-1-6.8.f	5.8 Changes 6.4 Contract Commencement 6.5 Contract Management 6.7 Changes, Reinstatements and Cancellations
2 CFR 200.324	Federal Awarding Agency or Pass-Through Entity Review	(Compliance shall be achieved through execution and implementation of grant agreement with HUD)	
2 CFR 200.325	Bonding Requirements	West Virginia Code § 17-4-20	6.2.13 and 6.2.14 Securities / Bonds
2 CFR 200.326	Contract Provisions	(Compliance shall be achieved through execution and implementation of grant agreement with HUD)	Contract Clauses and their Administration

## Procedures for Prevention of Duplication of Benefits

In accordance with the Robert T. Stafford Act, government entities providing disaster recovery assistance are required to prevent and rectify any duplication of benefits (DOB) by establishing and implementing strong policies and procedures regarding the same. Disaster assistance to each applicant, person and/or entity varies widely based on their insurance coverage and eligibility for federal funding. Thus, West Virginia is ever-mindful that it cannot comply with the Stafford Act until it completes a DOB analysis for each applicant. The state understands that a DOB occurs when a beneficiary receives assistance, and the assistance is from multiple sources and the amount exceeds the need for a specific recovery purpose. Thus, CAD/ERU has strengthened its current Duplication of Benefits policies and procedures and the State will conduct data checks, collect verifiable documentation from individual applicants, and coordinate with private insurance to conduct a thorough verification of benefits review.

Specifically, the State will verify assistance from FEMA Individual Assistance (IA); FEMA National Flood Insurance Program (NFIP); Private Insurance; Small Business Administration (SBA); and other federal or state-level sources of assistance. Under federal law, duplication of benefits received by any of these sources must be deducted from a program applicant's eligible award, which is based on an estimated cost of repairs. CAD/ERU will only consider funds received for structural repairs, not contents or personal items.

CAD/ERU will require all program applicants to sign a Subrogation Agreement upon application, permitting the State through CAD/ERU to recover any future insurance funds that may be issued to the applicant after the time of original award. Where additional DOB is received by the applicant and paid out, the State, through CAD/ERU, will enforce the terms of the Subrogation Agreement to collect repayment.

CAD/ERU has included its duplication of benefits policies and procedures herewith at **Appendix E**. Adherence to these procedures will protect the implementation of the activities funded by the Award to ensure a duplication of benefits does not occur. A critical facilitator of this compliance will be data share agreements between CAD/ERU and other federal entities ensuring the continuous exchange of data throughout the life of the program, supporting accurate award calculation. CAD/ERU's team will access the data files which include previous benefits paid for real property repairs from FEMA, SBA, National Flood Insurance Program (NFIP), private insurance, or any other source disclosed by applicant, to determine if there was a previous benefit paid to the applicant(s) or any member of the household, to repair structural deficiencies caused by the floods. All sources of previous benefits paid will be requested from the applicant(s) or any member of the household and must be disclosed on the application. Verification may be obtained through applicant(s) documentation or copies of bank records, if required, for validation and/or information sharing with SBA and FEMA, whenever possible.

Furthermore, and as detailed in the DOB policies and procedures, CAD/ERU will require all applicants to disclose previous assistance and provide supporting documentation. Documentation acceptable to CAD/ERU will be required to demonstrate the cost and type of repair conducted to the storm-damaged property. As an example, if the cost of repairs was greater than or equal to the funds received, then the funds available for repairs funded through Award's programs will not be reduced. If the cost of repairs was less than the funds received, then the funds available for flood repairs will be reduced.



## Procedures to Determine Timely Expenditures

West Virginia understands the importance of timely review of program expenditures. Drawdowns should occur at all stages of the program schedule. To ensure that accurate information is available for this purpose, the CAD/ERU has established and will implement a system for regularly gathering such information from all program participants. Uniformity is critical for this purpose; accordingly, deadlines for all reports will be identical. Expenditure reporting requirements will be included in all contracts and agreements with participating entities thereby enabling the State to proactively require necessary content and frequency of reports within deadlines that fit per the overall program status report(s) the State will use to track program expenditures and drawdowns.

CAD/ERU has existing program management procedures that include processes for financial reporting, record keeping, accounting systems, payment procedures, and audit requirements. The accounting system of record for tracking federal and state grant awards received by the State, but administered through CAD/ERU, is wvOASIS as the State's primary accounting system. All budgets and financial transactions are tracked and processed by WVDOC's Finance / Administration Division using this software, within which, accounting protocols have been set up to ensure segregation of duties. CAD/ERU currently processes transactions for existing federal programs within wvOASIS and submits reimbursement requests within an average of 3 business days. Financial transactions will continue to be managed utilizing wvOASIS for the Award to ensure timely reimbursement.

Additionally, to support program and contract management, CAD/ERU will utilize wvGMS, a grant management system of record to track project milestones, budgets, and all key data regarding the implementation of the activities funded by the Award. Through this system, expenditures are tracked not only monthly but daily – real-time updates will be available as applications and projects move forward through the implementation phase. The procedures governing the tracking of program expenditures is provided herewith at **Appendix F**.

CAD/ERU will adhere to the six-year expenditure period and will track expenditure projections based on key data points, beginning with the date the Award agreement is signed. CAD/ERU will submit a complete projection of expenditures within 90 days of submission of the initial Action Plan through the DRGR (Disaster Recovery Grant Reporting) system. Revised projections will be sent to HUD for consultation and approval when program changes impact projected outcomes, funding levels, and recovery timelines.

## **Procedures to Detect Fraud, Waste and Abuse**

West Virginia will ensure adequate measures are in to detect and prevent fraud, waste, and abuse for the life of all programs administered with CDBG-DR dollars. CAD/ERU has developed an *Anti-Fraud, Waste and Abuse Policy & Procedures* (AFWA Policy & Procedures) specifically for activities funded by the Award – see **Appendix G**. Following the procedures detailed in its AFWA Policy & Procedures, the State will verify the accuracy of information provided by all applicants. Applicant provided information and documentation will be verified for accuracy to ensure that discrepancies are resolved before awards are made. As set forth in the AFWA Policy & Procedures, all verifications will be conducted systematically, utilizing Melissa Data® for consistency and equitable treatment across applications. This data is used to automatically verify certain data provided by applicants, confirming data points such as the damaged street address, county, and zip code.

In addition to its AFWA Policy & Procedures, the CAD/ERU has a comprehensive monitoring plan and procedures. The CAD/ERU's Monitoring Policy & Procedures for the CDBG-DR Program can be reviewed at **Appendix H**. The agency will ensure that monitoring is conducted throughout the life of all Program activities to ensure that CDBG-DR funds are disbursed in a timely manner for the purposes set forth in the Action Plan, grant agreement with HUD and/or subgrant agreements with any subgrantee of the State's. Monitoring of CDBG-DR recipients will be conducted:

- To determine if program activities are progressing in compliance with the grant agreement specifications and schedule;
- To ensure that one of the National Objectives is being met for each eligible activity funded; and,
- To ascertain if the program is in compliance with the other applicable laws, implementing regulations and Executive Orders (i.e., the Environmental Review Record, Labor Standards, Fair Housing and Equal Opportunity, Acquisition and Relocation, Lead-Based Paint Hazards, Citizen Participation).

The Monitoring Plan and Procedures located at Appendix H contains information including but not limited to the following:

- How monitoring will be conducted;
- Why monitoring will be conducted;
- Frequency of monitoring; and,
- Which compliance areas/items will be monitored.

The West Virginia State Auditor, specifically the General Audit section, and staff will act as the State's independent auditor and conduct financial audits of the accounts and records of State agencies. The State is dedicated to the prevention of fraud, waste and abuse. All suspected cases of fraud will be taken seriously and complaints will be reported to the State's Office of the Attorney General for further investigation.

### Procedures to Maintain a Comprehensive Website

The state of West Virginia prioritizes transparency for all the state's activities, and will maintain this priority regarding all activities funded by the Award. Furthering its specific emphasis of transparency and in order to facilitate the public's participation, CAD/ERU has developed a public website to serve as the central point of access regarding the services and programs. CAD/ERU currently has created a disaster recovery webpage dedicated to housing all requisite program information, eligibility and application information, and public outreach documents. Maintenance of the site is overseen by the CAD/ERU's Office of Marketing & Communications (CAD/ERU – OMC) where the webmaster controls regular posting of approved content and general site function.

CAD/ERU's website specific to the Award will be designed with ADA best practices for accessibility and readability in mind. Content and webpage layout will be designed for adaptive aids use. The use of color, spacing, limited use of "click here" labeling, and the incorporation of ALT tags to identify the presence of alternate text such as graphics will be a few items incorporated for adaptive aid technology. CAD/ERU will also support accommodation for citizens with limited English proficiency and will publish program documents to the public website in languages other than English based on the need of non-English speaking communities.

Content for the new webpage will be generated by CAD/ERU staff at the program level, for management review and final approval by the CAD/ERU and WVDOC OMC as set forth in the policy and procedure included herewith at **Appendix I**. The following program information stemming from activities funded by the Award shall be included on this specific website:

- Program Design and Reporting:
  - Draft Action Plan specific to the Award will be posted for no less than 14 calendar days to solicit public comment before being submitted to HUD. The final approved Action Plan will then be posted to a permanent section on the website designated for Action Plans and Amendments
  - Substantial Action Plan Amendments
  - Non-substantial Action Plan Amendments
  - Each Quarterly Progress Report (QPR)



- Citizen and Stakeholder Participation:
  - The Citizen Participation Plan will reside permanently on the website
  - Announcements of public hearings will be posted to the website

Contact information for various CAD/ERU divisions enabling consistent opportunity for citizens and program participants to raise inquiries or complaints will be provided through the option of electronic form, the State's general inbox email address, the relevant division's direct phone number, by relay operator through a TDD line, or postal mail address for State offices.

## Implementation Plan

The CAD/ERU currently administers multiple programs funded by HUD financial assistance and will continue to do so as it administers the Award. The necessary financial controls, procurement processes, and adequate procedures have been established to ensure proper stewardship of public funds and to mitigate noncompliance and detect and prevent fraud, waste, and abuse of funds. Thus, CAD/ERU can effectively manage the Award, ensure timely expenditure of funds, maintain a comprehensive website regarding all disaster recovery activities assisted with these funds, and ensure timely communication of application status to applicants for disaster recovery assistance.

The Award will meet needs not addressed through other sources of public or private assistance specifically allocated for disaster assistance. These programs and projects will support recovery efforts throughout the declared counties, with 80% reserved for the HUD-identified most impacted and distressed counties specifically. Through this Award, at least 70% of the Award will benefit low- to moderate-income populations; however, the State anticipates closer to 100% of the Award benefitting LMI populations.

To guarantee the proper disbursement of the Award's funds, the Compliance Unit within CAD shall ensure compliance with all CDBG rules and regulations, as well as other applicable federal regulations such as 24 CFR Part 570 and 2 CFR Part 200. The mitigation of fraud, abuse, and mismanagement related to financial management, procurement, and eligibility of funded activities will be prioritized by CAD/ERU. To mitigate these issues, CAD's dedicated Compliance Unit will perform routine reviews of program participants, subrecipients, and/or contractors, as applicable, to ensure the projects funded are implemented by CAD/ERU in complete compliance with all CDBG-DR program requirements.

The CAD Compliance Unit already possesses the necessary policies, systems and procedures which formally establish the critical monitoring strategies encompassing all cross-cutting regulatory requirements. These well-established systems include HUD program rules and regulations, civil rights, environmental, labor standards, fair housing, Section 3, citizen participation, reporting, and recordkeeping requirements. Not only do the systems exist, but the existing systems have proven to be successful approaches in the oversight of projects supported with CDBG and CDBG-DR funds. CAD/ERU has documentary evidence of sound systems and practices as its routine HUD monitoring have yielded no findings, concerns, or observations of non-compliance as a result of the last three reviews of CAD/ERU's CDBG and CDBG-DR grant programs.

The State and CAD/ERU have proven to be responsible partners in prior allocations of federal

funds and will continue to be through the efficient and transparent management of the Award. With its eye focused on accountability, CAD/ERU has ensured through its planning to oversee the Award that the capacity, staffing, and interagency coordination critical to successfully uphold its fiscal responsibility will be strong through the life of the programs stemming from the Award. Ultimately, CAD/ERU will continue its partnership with local communities to address long-term recovery needs and resiliency strategies that help strengthen the State's communities beyond the disaster recovery process, as they work to not only rebuild but to become better and stronger.

### **Procedures to Ensure Timely Information on Application Status**

The specific activities funded by the Award will be finalized soon and set forth in an Action Plan specific to the final unmet needs assessment. The State will administer a sizable housing repair program component and will prioritize providing timely information to the applicants regarding the status of the same. Specifically, CAD/ERU will inform program applicants about application status and the need for supporting documentation, either through identified program managers, individually assigned case managers, or intake/eligibility specialists. The procedures included herewith at **Appendix J** ensure that program applicants will have the opportunity to be provided with information about their application status at any time during operational hours by contacting the designated CAD/ERU case manager via telephone, leaving an after-hours voicemail message to be returned the following business day, or by submitting an email inquiry. Specifically, letters, telephone conversations and meetings with case managers or appropriate CAD/ERU project managers will be some of the methods used to timely communicate the status of an application. Additionally, the CAD/ERU team members will be available for face-to-face intake meetings, as requested by the applicant. Accommodations will be made ahead of time for applicants with physical disabilities and/or a need for translation services.

Proactive communication from CAD/ERU regarding application status will occur on a frequent basis during initial intake to request missing eligibility documentation and verify the information entered on the application form. Once all documentation is received, verbal communication may subside until the applicant is contacted through an official letter with information regarding eligibility. Once an eligibility determination has been rendered, an applicant shall have the opportunity to appeal the determination and provide additional documentation to support their appeal.

The State has an experienced Constituent Services Lead focused on resolving complaints in a timely manner, usually within fifteen (15) business days, if practicable, and to provide applicants the right to participate in the process and appeal a decision when there is reason for an applicant to believe their application was not handled according to the program policies. All



applications, guidelines, and websites will include details on the right to file a complaint or appeal, and the process for filing a complaint or beginning an appeal.

## Capacity

CAD/ERU has conducted a thorough assessment of its capacity to oversee the activities funded by the Award. Given the successful management of previous CDBG programs and projects by CAD/ERU, it is confident that its organizational and staffing structure will provide most of the necessary support for successful implementation and compliant oversight of the Award. As reflected in the organizational chart included herewith at **Appendix K**, along with the Executive Management of CAD/ERU, under one of CAD/ERU's agencies, the West Virginia Development Office (WVDO), its Community Advancement & Development Division (CADD) has 2 separate units that will be primarily responsible for the oversight of programs funded by the Award: the Economic Resiliency Unit (ERU) and the Compliance Unit. The Finance and Administration Division of WVDO will be responsible for the financial management consistent with its role for all other federally funded programs administered by the CAD/ERU. Within these 3 units, there are currently 32 full-time positions with experience in administering the same or similar federally funded programs. These experienced teams are currently successfully managing the CDBG (formerly known as the Small Cities Block Grant Program - SCBG), Housing Opportunities for Persons with AIDS (HOPWA), Emergency Services Grant (ESG), and Neighborhood Stabilization Program (NSP), all of which are funded through HUD allocations.

As previously referenced, CAD/ERU has a proven record of successful implementation through documented HUD CDBG and CDBG-DR reviews. The CAD/ERU's team was the key element in ensuring these outcomes.

As HUD routinely monitors these programs, CAD/ERU is keenly aware of its responsibility for total compliance with all program requirements. Demonstrating CAD/ERU's successful administration and oversight of CDBG funds is the fact that it has not received any findings of non-compliance in recent years. HUD conducted monitoring reviews specific to CDBG activities in 2012, 2015, and as recently as August 2016 and one monitoring review of CDBG-DR in 2012. These monitoring reviews consisted of environmental, administration and enforcement of labor laws, national objectives, eligibility, method of distribution and of timely distribution, and review of grant recipients. CDBG-DR review consisted of national objectives, management of disaster recovery supplemental grants, and infrastructure. No findings or non-compliances were noted during these monitoring reviews. Therefore, the current systems in place combined with the robust support plan already enacted by the CAD/ERU demonstrates its capacity to successfully manage the Award.

CAD/ERU is not only responsible for the Award but also other programs benefitting the State. The department is mindful of the additional responsibility the new award will place on CAD/ERU's team. To ensure that it continues to manage the programs as a responsible steward, several positions in various disciplines will be added to CAD/ERU's team to support the management of the Award. It is currently anticipated that the following three (3) positions will be direct hires to the CAD/ERU team:

- Housing Program Manager
- CDBG-DR Monitor (2 positions)

CAD/ERU is in the process of developing job descriptions and postings for the CDBG-DR monitors listed above as those positions will be direct hires to CAD/ERU. CAD/ERU will finalize any documentation (job postings, advertisements, etc.) needed to initiate the process to fill the positions within 30 days of the submission of its Implementation Plan.

Although these positions are needed immediately within the CAD/ERU, the State plans to augment its staff with knowledgeable and experienced contract labor. Several key reasons exist for the State's inability to immediately hire the necessary additional staff members within the CAD/ERU.

First, WVDOC is currently under a State-wide hiring freeze mandated across state government. Accordingly, it is very difficult for the agency to add additional positions at this time. West Virginia has a \$500,000,000 deficit and its government is continuously streamlining its operations.

In July 2015, the Office of Economic Opportunity merged with the Community Advancement and Development Unit. That merger has not been completed yet. Therefore, even if the state's government agencies were not under a mandatory hiring freeze, until the merger is completed, adding staff could be a challenge due to the merger of the two state agencies and the multiple vacancies and funding sources associated with these positions.. It is anticipated that the merger will be completed during Q3 2017.

Moreover, the necessary expertise and experience is not readily available within the State's labor force. Specific CDBG-DR housing program expertise is necessary given the State's priority to address the remaining unmet housing needs. Upon its review of the state-wide database of interested applicants, the CAD/ERU team did not find any eligible applicants to fill this position. The database was also reviewed for potential candidates for the monitoring positions. Filling these critical positions is a top priority for the State at this time. Potential candidates have been identified by the State and these candidates are currently being interviewed; however, additional searches may be necessary for the State to fill both monitor positions with qualified candidates. .



Once the merger is complete and the state hiring ban is lifted, the CAD/ERU will be in a better position to ensure that all positions are filled and onboarded as soon as possible under the rules, regulations and approval of the WV State Personnel Board. The State, through CAD/ERU, will keep HUD apprised of any developments in this regard so that HUD will be continuously informed about any existing capacity gaps and the State's plans to fill the same.

To provide the additional support and capacity needed to ensure the CDBG-DR program requirements are met and exceeded, CAD/ERU procured a professional service firm with specific CDBG-DR implementation experience (specializing in housing programs) to provide the specific expertise and program management support necessary as determined by CAD/ERU. This firm will augment the CAD/ERU's current staff and operate at the direction of the CAD/ERU.

Although CAD/ERU has extensive experience and expertise administering its CDBG program, staff training specific to CDBG-DR requirements will take place during Q2 2017 to ensure a seamless launch for the management of the Award. Training will be specific to the CDBG-DR requirements and include different, new, or updated program requirements such as those covered by HUD through its multiple CDBG-DR webinars streamed during March – June 2016. All CAD/ERU staff will be trained through these specific webinars and be provided additional training necessary specific to the final program activities funded under the Award for West Virginia to ensure that the activities funded under the required Action Plan are correctly administered. It is anticipated that additional training and technical assistance will be provided by its procured CDBG-DR consultant and the technical assistance provided by HUD's partners.

Furthermore, as programs and projects are implemented, CAD/ERU will continually assess the capacity of any additional program participants, such as possible subrecipients, applicants or contractors, to successfully oversee the activity in which they are involved. Should it prove necessary, CAD/ERU will accelerate efforts to increase the capacity of such entities bearing any responsibility for administering funding under the Award. These efforts will be implemented to ensure a program participant has the specific skills and knowledge needed to successfully oversee the activity.

## Staffing

### Administration and Staffing

Each CAD/ERU division collaborates on recovery efforts; however, as stated previously, the CAD team that will be responsible for administering these program activities is comprised of 32 full-time positions within 3 primary divisions which will manage the Award. CAD/ERU understands the capacity needed to successfully manage a CDBG-DR award and remains



committed to maintaining the necessary level of staff and contractor support to ensure compliance. Thus, as referenced previously, CAD expects to add a minimum of 3 team members as detailed above within various divisions, to provide additional full-time support dedicated to the administration and management of the Award.

Leadership roles within the divisions responsible for the oversight of these key areas of management are identified below, along with additional key staffing designations.

### **Current West Virginia Department of Commerce Leadership**

#### **West Virginia Department of Commerce**

Henry W. Thrasher, Cabinet Secretary

Joshua L. Jarrell, Deputy Secretary / General Counsel

#### **West Virginia Development Office**

Kris Hopkins, Executive Director

#### **Community Advancement & Development Division (CAD)**

Mary Jo Thompson, Director

Russell Tarry, Deputy Director

#### **Economic Resiliency Unit (ERU)**

Russell Tarry, Director

*The ERU Director, ensures that the program activities align to the State general directives, strategic policy decisions and prioritization. This position directs, coordinates, and advocates disaster recovery goals, objectives, and outcomes set by the State. The Program Coordinator reports to the Director of the Division of Community Development and Advancement, who serves as the Executive Officer and signatory of the program. The ERU Director also takes a holistic view of implementation as sets of project activities, linking internal local government activities with those of the community's stakeholders to ensure progress and completion of outcomes identified in state plans, strategies, or other recovery objectives.*

#### **Kelly Workman, Infrastructure and CDBG-DR / HMGP Program Manager**

*This Manager will provide program management, policy implementation, project development, and guidance for all of the state's infrastructure and/or*

CDBG-DR / HMGP programs funded by the CDBG-DR grant. This Program Manager will ensure compliance with HUD regulations the CDBG-DR funded activities except for housing activities. This position will assist with interpreting policies and procedures to support successful CDBG-DR programs.

**(Currently vacant<sup>3</sup>), Housing Program Manager**

This Manager will provide program management, policy implementation, project development, and guidance for the state's single-family home repair and reconstruction program as well as any rental programs funded by the CDBG-DR grant. The Housing Program Manager will ensure compliance with HUD regulations for all housing programs. This position will assist with interpreting policies and procedures to support successful CDBG programs.

**Jennifer Ferrell, Constituents Services Liaison**

The Constituent Services Liaison manages the process for providing accurate and timely interaction/response to constituents. Communicates and facilitates processes in support of effective interaction between the WVDO and the public. This team works with all CAD/ERU Program Managers to develop and implement a comprehensive communications plan relating to researching, managing and resolving constituent complaints and concerns. Constituent Services team receives complaints from the public by phone, mail and in person, makes referrals to other agencies and assists in informal resolution of complaints. Immediately investigates complaints concerning disaster recovery operations. Performs research, formulates objective opinions, and makes recommendations for corrective action, preventative measures and the promotion of competency, efficiency, and equity in disaster recovery efforts.

**Tony O'Leary, Contracts and Operations Specialist**

The Contract and Operations Specialist primarily provides implementation and technical support to managers within the CAD/ERU CDBG-DR Program; ensures that the highest quality of customer service is provided at all of the delivery systems within the Program; provides administrative support in areas of project management, training and development, regulations, policies and procedures. As the contracts Manager, this position works with the Program's suppliers of goods and services through every phase of contract performance. From negotiation to termination, contract managers' job duties include reviewing proposals, evaluating compliance with requirements and

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<sup>3</sup> To be filled by contract labor until CAD/ERU hire

regulations, maintaining communication to ensure timely execution, and analyzing contract documents. The Contracts Manager also provides guidance to and supervises team members on contracts administration, concepts and regulations.

### **CAD Compliance Unit**

#### **Michael Turley, Compliance Manager / Accountant**

*Compliance Manager is the lead member of the WVDO Compliance and Monitoring Team who is responsible for ensuring adequate monitoring occurs for all WVDO programs. The Compliance Manager tracks all compliance monitoring efforts and provides technical assistance to Program participants and/or Compliance Analysts during onsite monitoring reviews.*

#### **Tony O'Leary, CDBG Compliance Analyst (including Fair Housing, Section 3, Labor Standards Monitor)**

*CDBG Compliance Analyst is the member of the WVDO staff who manages compliance activities for all CDBG programs and projects.*

#### **April McComas, CDBG-DR Compliance Analyst and Quality Assurance**

*CDBG-DR Compliance Analyst is the member of the WVDO staff who manages compliance activities for all CDBG-DR programs and projects; includes monitoring performed by Grantees or Subrecipients*

#### **Jim Marshall, Environmental Compliance Manager**

*CDBG-DR and CDBG Environmental Compliance Manager is the member of the WVDO staff who manages environmental compliance activities for all CDBG and CDBG-DR programs and projects.*

Kevin Wynn, Compliance Specialist – Weatherization<sup>4</sup>

David Dyer, Compliance Specialist – Weatherization

Stacy Keys, Compliance Specialist – Weatherization

Tye Ward, Compliance Specialist – Weatherization

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<sup>4</sup> Weatherization specialists do not have a specific role in the oversight or administration of the CDBG-DR program.



## **Finance and Administration**

### **Steve Meester, Director**

*The Director is responsible for overall financial management of all activities within the WVDOC; currently responsible for certain federal reports for WVDO; and, responsible for payroll management for six divisions within the Department of Commerce. The Director has Cabinet level approval for Budget Documents for all eleven divisions within Commerce.*

### **Lisa Fisher, Chief Financial Officer (WVDO/CAD)**

*The Chief Financial Officer of WVDO/OEO-CAD is responsible for all financial activities within WVDO/OEO-CAD. Oversight responsibilities include monitoring of grant expenditures, allowable expenditures, financial reporting, contract payments to contractors and subrecipients, grant reconciliations and federal reporting.*

### **Andrew Mihallik, Accountant IV / Auditor**

*The Accountant IV/ Auditor provides all support necessary to the Chief Financial Officer of the WVDO/CAD regarding financial management and oversight of federally funded activities.*

### **Gary Spurlock, Accountant IV / Auditor**

*The Accountant IV/ Auditor provides all support necessary to the Chief Financial Officer of the WVDO/CAD regarding financial management and oversight of federally funded activities.*

### **Judy Comer, Accounting Technician**

*The Accounting Technician provides all support necessary to Accountant IV/Auditor and provides administrative report to the division.*

## **Additional Capacity**

Once the Action Plan for the Award is finalized, the needs of specific programs will be fully realized as well as the staffing needs associated therewith. Accordingly, should specific programs and projects set forth in the Action Plan, and approved by HUD, require additional team members, CAD/ERU will immediately add those positions or ensure those services to support the programs are provided through procured contract labor.

The Program Management Vendor shall manage various complicated projects under the direction of the Program Managers, the State, and specifically under the direction of the Director of CAD/ERU.

### *Case Managers*

Currently, the State already has case management teams in place through its long-term recovery groups and Voluntary Organizations Active in Disasters (VOADs). These case managers have already begun meeting with potential applicants. CAD/ERU will utilize the knowledge, experience, and skills of these case managers to work with Program applicants to determine eligibility, verify duplication of benefits, and manage communications with applicants. Furthermore, case managers will inform applicants of their obligation to provide a complete and accurate program application, advise them on methods to obtain necessary eligibility documentation, answer questions about program assistance procedures and anticipated timelines, and provide them with a well-informed intake experience. CAD/ERU has partnered with the WVVOAD to utilize its case managers for the Program's housing implementation phase. Specifically, twenty-two (22) case managers are working in the impacted counties and assigned by counties.

The applications and the documentation collected from applicants are highly sensitive and contain nonpublic personal information. Before the implementation phase begins, case managers will be fully trained in application intake, eligibility and procedures to keep confidential applicant information protected. CAD/ERU will provide additional ongoing training to enforce this standard throughout all programs they administer.

Although CAD/ERU's team is full of expertise, it is mindful that successful implementation requires partnerships with teams of expert specializing in certain technical areas such as environmental, regulatory compliance, and engineering. Therefore, the State has procured a professional services firm specializing in disaster recovery, environmental and regulatory compliance as well as engineering services.

Given the extensive resources necessary to ensure a robust launch of the Disaster Recovery Program, this team will be able to immediately provide all support necessary to implement the programs set forth in the State's Action Plan. Once the implementation phase has launched, this team will also provide the support necessary to ensure full compliance with the myriad of regulatory requirements related to the same. These partnerships will reinforce CAD/ERU's team and ensure programs are administered in accordance with all regulations to achieve CAD/ERU's performance objectives on schedule, in compliance, and within budget.



## Internal and Interagency Coordination

The Department of Commerce is comprised of eight separate agencies. One of these agencies is the West Virginia Development Office within which exists the Community Advancement and Development Unit (CAD). The CADU contains the Economic Resiliency Unit (ERU), Community Sustainability Unit, Community Infrastructure Development Unit, and a Compliance Unit. The ERU and the Compliance Unit will be primarily responsible for carrying out all of the CDBG-DR activities funded through the Award. Within the ERU exists several different teams planned to play a critical role in the successful management of the Award. To facilitate effective communication between these different teams implementing the program activities, weekly meetings will occur between the CAD Director and ERU Director. An Executive Committee consisting of the WVDOC/CAD leaders overseeing the CDBG-DR grant programs shall be responsible for oversight of the program activities. This team shall consist of the ERU Director, CAD Compliance Manager, Infrastructure/ HMGP-CDBG-DR Program Manager, Constituent Services Lead and Housing Program Manager (collectively, the Executive Committee). The agendas for these weekly meetings will include updates from project managers including project status updates, compliance issues, financial updates/expenditure reports and discussions on all other issues associated with funded activities. ERU Director will then communicate progress, concerns, developments, and milestones at a weekly meeting held with the CAD Director. The executive leadership of the Department of Commerce also anticipates frequent meetings with the Office of the Governor, to ensure continued effective communication and timely dialogue regarding funded activities.

West Virginia is mindful of the value continued collaboration yields throughout the recovery. Thus, consideration of additional local and regional planning efforts remains a key consideration in the implementation of activities funded by the Award. Thus, CAD/ERU will include various additional stakeholders in routine meetings to discuss planning related to the Award. Specifically, recurring meetings (as frequently as bi-monthly) have occurred since the disaster and will continue at least monthly. Included in these meetings will be the following groups and agencies:

- Kanawha and Greenbrier County officials
- Greater Greenbrier Long Term Recovery Committee
- Greater Kanawha Long-Term Recovery Committee
- West Virginia Division of Homeland Security and Emergency Management (WVDHSEM)
- West Virginia Association of Housing Authorities (WVAHA)
- West Virginia Housing Development Fund (WVHDF)



- West Virginia Division of Labor (WVDOL)
- West Virginia Department of Transportation (WVDOT)
- West Virginia Department of Agriculture (WVDOA)
- West Virginia Voluntary Organizations Active in Disaster (VOAD)
- West Virginia Unmet Needs Committee
- Army National Guard

The recurring meetings will cover proposed plans, updates, questions, or concerns regarding the flood recovery efforts. Moreover, CAD/ERU is ever-mindful of the valuable insight gained from listening to the individual public. The State will continue providing routine opportunities for citizens to provide input regarding all activities overseen by the State including the Award and activities funded pursuant thereto. Together, these stakeholders will collaborate to continue the long-term recovery efforts and ultimately, a more resilient West Virginia.

### Technical Assistance

The State and CAD/ERU recognize the value of timely and pertinent technical assistance specific to the program requirements associated with the Award. CAD/ERU is committed to administering a CDBG-DR program that is both in compliance with federal regulations and streamlined for efficiency. To this end, the CAD/ERU team has proactively sought guidance from HUD during the development of the Action Plan by participating in all technical assistance meetings and requesting specific guidance on the development of key pieces of the Action Plan.

Additionally, CAD/ERU's leadership prioritized the on-site technical assistance meetings led by HUD on January 6 and the meetings during the week of January 30. Key CAD/ERU staff attended and received valuable knowledge and guidance from HUD's team.

During 2017, key personnel who will implement and oversee the compliance of the Award activities will attend Basically CDBG trainings which include specific trainings on disaster recovery grants. Kelly Workman and Jim Marshall attended COSCDA's *Program Managers Training and Disaster 201 Training* on March 13-15, 2017. This training was one of many HUD trainings attended by both staff members as they have received extensive previous trainings specific to the HUD requirements for all CDBG requirements. Russell Tarry, ERU Director, will attend the Basically CDBG Training in Denver, Colorado during the week of March 27, 2017.

CAD/ERU will share the training it received to any additional staff both working on programs and projects funded by the Award, as well as any staff not employed by CAD/ERU at the time of Action Plan submission. In addition to sharing the knowledge gained from these disaster recovery specific trainings, CAD/ERU will continue to use the library and resources available on the HUD Exchange.

CAD/ERU has procured a professional service firm possessing extensive experience in the implementation and oversight of CDBG-DR grants. Part of the procured scope was for this firm to provide technical assistance upon request should the need arise. Thus, should CAD/ERU determine that a knowledge gap or technical expertise is lacking, CAD/ERU will request technical assistance from its procured contractor and/or HUD for specific areas with which it needs assistance to ensure a timely recovery. To facilitate the continued knowledge of its team, CAD/ERU will build upon the CDBG knowledge gained from any technical assistance received and its implementation of the Award. The initiative will be outcome-focused driven to continue the development of expertise to oversee future CDBG and CDBG-DR funding administered by CAD/ERU.

Training and technical assistance will be provided to new staff, Regional Planning Development Commissions, and/or new participants to the program and will be designed to help all program stakeholders navigate the complex housing and community development challenges by equipping the entire team with the knowledge, skills, tools, capacity, and systems to implement the HUD programs and policies successfully. The goal to empower team members by obtaining effective technical assistance and capacity building will ensure that successful program implementation is sustained over the long-term.

## Accountability

The Office of the Governor of the State of West Virginia is the recipient of the Award. The lead principal office responsible for the implementation of the Award is the West Virginia Department of Commerce (CAD/ERU). The West Virginia Development Office (WVDO) and its supporting units (CAD) will administer the day-to-day operations of the programs implemented. Mary Jo Thompson is the Director of CAD and reports directly to the Executive Director of the WVDO and Secretary of Commerce who, in turn both report to the Office of the Governor.

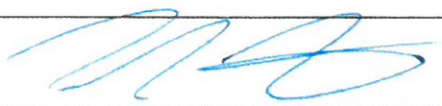
Russell Tarry, as the Deputy Director of CAD, will serve as the Director of ERU to lead the program administration. He will serve at the direct guidance of the CAD Director, the Executive Director of West Virginia Development Office, the Secretary of Commerce, and the Governor.

Governor-Elect Justice and the Secretary of Commerce have designated Mary Jo Thompson as the authorized signatory of the Award agreement between HUD and the State, and she also has the authority authorize major contracts and change orders, certify to financial reporting, and serve as the lead point of contact for HUD, including for monitoring and compliance and issue resolution.

## Grantee's Certification

The WVCAD/ERU certifies to the accuracy and validity of the evaluation of risk and management Capacity, as attested to by executing the P.L. 114-223 and 114-254 *Financial Management Guide Certification Checklist (February 2017)*, submitted with this Certification Documentation and Implementation Plan.



PUBLIC LAW 114-113 Guide for Review of Financial Management for CDBG-DR Grantees			
<b>Grantee</b>	Name of Grantee <u>West Virginia</u>		
	Staff Consulted: <u>Lisa Fisher</u>		
	Name and Title of Grantee Staff Completing Form: <u>Lisa Fisher, Chief Compliance Officer</u>		
	Signature: 		Date: <u>3/22/2017</u>
<b>HUD</b>	HUD Staff Consulted:		
	Name and Title of HUD Staff Completing Form:		
	Signature:		Date:

**Instructions:**

**P.L. 114-113 Certifications:** Each grantee must submit Risk Analysis Documentation to demonstrate in advance of signing a grant agreement that it has in place proficient controls, procedures, and management capacity. This includes demonstrating financial controls, procurement processes, and adequate procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act. The grantee must also demonstrate that it can effectively manage the funds, ensure timely expenditure of funds, maintain a comprehensive website regarding all disaster recovery activities assisted with these funds, and ensure timely communication of application status to applicants for disaster recovery assistance. Further, the Grantee has established adequate procedures to detect and prevent fraud, waste, and abuse of funds.

In order for Grantees to demonstrate that proficient financial controls are in place, each Grantee must complete this Public Law 114-113 Guide for Review of Financial Management (the Financial Management Guide) as part of completing Part B. Financial Controls of the P.L. 114-113 Risk Analysis documentation and submit the required information to the Grantee's designated HUD representative. A designated HUD representative from Headquarters or the Field Office (FO) must review the Grantee's submission and complete this Financial Management Guide. When HUD CPD Specialists or Financial Analysts are not available, the CPD FO Director will designate an alternate HUD representative for the FO representative. The Headquarter representative will be assigned by the Director of the Disaster Recovery and Special Issues Division.

The Grantee's documentation must be submitted within 30 days of the effective date of the *Federal Register* Notice 5938-N-01 which publishes the Appropriations Act awardees and the grant requirements (the Notice). Failure to submit documentation within 30 days of the effective date of the Notice may result in the cancellation of the award selection. Grantees must submit Risk Analysis documentation in advance of signing a grant agreement in order to demonstrate that grantees can adequately manage and oversee the CDBG-DR award.

This Financial Management Guide is designed to assess the proficiency of a CDBG-DR Grantee's financial controls based on the financial requirements in Subparts D and F of 2 CFR part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Where the question pertains to a CDBG-DR Grantee, the term Grantee is used.

This Financial Management Guide is a modified exhibit typically used to monitor Grantees following grant execution. To satisfy the requirements for review of financial processes pertaining to the HUD-award, Grantees should consider the processes of existing HUD or other Federal funding awards and refer to documentation of those awards, where applicable. This Financial Management Guide is divided into sections A through J: Financial Management; Internal Controls; Bonds; Payment and Financial Reporting; Cost Sharing or Matching; Program Income; Revision of Budget and Program Plans; Period of Performance; Record Retention and Access; and Audit Requirements. Additionally, in

completing the Financial Management Guide, Grantees must demonstrate that its financial standards are complete and conform to these requirements. The Grantee must identify which sections of its financial standards address each of the questions in the Financial Management Guide and which personnel or unit are responsible for each Financial Management Guide item. As used in this Exhibit, the term “standards” is synonymous with “procedures.”

For convenience, certain questions that address financial requirements contain citations to sources that served as the basis for the development of these questions (statute, regulation, NOFA, or grant agreement).

Grantees must identify the type of recipient receiving CDBG-DR grant funds:

	Grantee
State Grantee	<input checked="" type="checkbox"/>
Unit of Local Government (UGLG) Grantee	<input type="checkbox"/>

Please note that all references to "Accounting P&P" in this Guide for Review of Financial Management refer to APPENDIX RFM 1, West Virginia Office of Economic Opportunity's ACCOUNTING AND FINANCIAL POLICY AND PROCEDURES MANUAL.

**PART A. FINANCIAL MANAGEMENT:**

1.

The Grantee must have a system for accounting records to identify adequately the source and application of funds for CDBG-DR-funded activities. The Grantee can facilitate compliance with this requirement if it accounts for a HUD program in a separate accounting fund (e.g., Special Revenue Fund). Note, however, that HUD will not impose specific accounting requirements (such as requiring the Grantee to utilize an accrual basis of accounting).

	Grantee	HUD
a) Does the Grantee have standards to ensure that accounting records contain information on the CDBG-DR grant award, authorizations, obligations, unobligated balances, assets, liabilities, expenditures, program income (as defined by the Notice), and interest?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P page 4 #3; details begin on page 7 in the Chart of Accounts section; see also "Fund 8746" on pg. 7 under which all information for CDBG - DR award will be captured.</a>		
b) Does the Grantee have standards to maintain adequate source documentation for the information identified in question 1(a)? (To determine compliance, a grantee may select a sample of accounting entries and determine whether they are supported by invoices, contracts, or purchase orders, etc.) [2 CFR 200.302(b)(3)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P Page 4 #3; see Accounts Payable begin on pages 29-33</a>		
c) Does the Grantee have standards established to provide a comparison of expenditures to the budget amounts for the CDBG-DR award? (NOTE: Grantees will usually demonstrate compliance with this requirement by making entries in its accounting records of the amounts budgeted/allocated for activities to be undertaken with the assistance provided under the HUD award which in turn facilitates preparation of financial statements that provide for such comparison.) [2 CFR 200.302(b)(5)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P Page 4 #5; details for Grant Reconciliations begin on page 36</a>		



	Grantee	HUD
d) Does the Grantee have standards requiring it to enter in its accounting records an encumbrance/obligation when contracts are executed, purchase orders issued, etc.? [2 CFR 200.302(b)(3)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P Page 10, Post-Award Procedures #2</a>		
e) Does the Grantee have standards to identify expenditures in its accounting records according to eligible activity classifications specified in the statute, regulations, or grant agreement that clearly identify the use of CDBG-DR funds for eligible activities? [2 CFR 200.302(b)(3)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P page 26-27, Segregating Unallowable from Allowable Costs #6</a>		
f) Does the Grantee have standards to ensure information on obligations, expenditures, and program income (as defined by the Notice) submitted to HUD in the Disaster Recovery and Grant Reporting System (DRGR), Quarterly Performance Reports (QPR), or other applicable report(s), reconcile with the Grantee's accounting records for time periods reviewed? NOTE: If the Grantee maintains its records on other than an accrual basis, it must be able to support accrual data for its reports on the basis of the documentation on hand. [2 CFR 200.302(b)(2)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P page 36-37 Grant Reconciliations</a>		

2.

	Grantee	HUD
Does the Grantee have standards to maintain adequate control over all funds, property, and other assets to ensure they are used solely for authorized purposes? See questions below that are related to internal controls. [2 CFR 200.302(b)(4)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P page 4 #4, page 5-6 Security, and page 8 Control of Chart of Accounts</a>		

**PART B. INTERNAL CONTROLS:**

The Grantee must establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the Grantee is able to manage the Federal award in compliance with this part. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States (known as the “Green Book”) or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The definitions of internal control in these documents are intentionally broad. The evaluation of the effectiveness of the Grantee's internal control system likewise must cover a broad range of considerations (e.g., procurement, cost principles,). Further, the audit requirements in 2 CFR part 200, Subpart F include procedures to evaluate the auditee's internal control system. Therefore, the questions below are limited in scope. However, the HUD reviewer should take these considerations into account, together with the questions below, in making an overall assessment of the adequacy of the Grantee's internal controls.

3.

	Grantee	HUD
a) Does the Grantee have standards to perform a self-assessment of its internal control system? [2 CFR 200.303(a)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P - page 45-46, Preparation for Annual Audit, Planning</a>		
b) Does the Grantee have standards to take reasonable measures to safeguard protected personally identifiable information (PII) and other information that HUD or a pass-through entity designates as sensitive, or the Grantee considers sensitive, consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality? (HUD shall verify that the Grantee has a written policy for protecting PII and other safeguard measures.) [2 CFR 200.303(e)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P page 6 Storage of Sensitive Data</a> ; <a href="#">See Appendix RFM-2: Office of Technology Policies, WVOT P0100</a> ; <a href="#">WVDOC/OEO is required to follow this policy.</a>		
c) Does the Grantee have the ability to submit an organization chart that sets forth the actual lines of responsibility for the CDBG-DR award?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Describe Basis for Conclusion:</b> <a href="#">See page 3 of Accounting Policies and Procedures</a> ; <a href="#">see also Appx. K of the Implementation Plan package.</a>		
d) Does the Grantee have standards to ensure duties and responsibilities are segregated (to the extent practicable) so that no one individual has complete authority over a financial transaction?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

(For example, the Grantee's procedures preclude one person from issuing purchase orders, receiving merchandise, and approving payment vouchers.)

**Provide Cross-Reference to Standards:**

[Accounting P&P - page 17 Segregation of Duties](#)

## PART C. BONDS

4.

	Grantee	HUD
a) Does the Grantee have standards to ensure fidelity bond coverage will be obtained for the responsible officials? [2 CFR 200.304(b)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">West Virginia Code §§ 6-2-1, 6-2-3, 6-2-6. See Appendix RFM-3</a>		

	Grantee	HUD
b) If the answer to 5(a) above is yes, does the Grantee's standards ensure the bond will be from a company holding a certificate of authority as an acceptable surety, as prescribed in 31 CFR Part 223, <i>Surety Companies Doing Business with the United States</i> ? [2 CFR 200.304(c)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<b>Provide Cross-Reference to Standards:</b> <a href="#">West Virginia Code §6-2-2. See Appendix RFM-4</a>		



**PART D. PAYMENT AND FINANCIAL REPORTING:**

5.

	Grantee	HUD
a) If the Grantee is a State, payments under awards that are not governed by a Treasury-State Cash Management Improvement Act (CMIA) agreement, or are not otherwise covered by subpart A of 31 CFR Part 205, must comply with subpart B of that part. If the CDBG-DR award is subject to subpart B, does the Grantee have standards to ensure the timing and amount of funds transfers as close as is administratively feasible to the State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs? [2 CFR 200.305(a); 31 CFR 205.33(a)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P page 16-17 Financial Reporting and Cash Drawdowns of Advances</a>		
b) If the State transfers grant funds to subrecipients, does the State have a system to minimize the time elapsing between the receipt of funds from the Federal government and the transfer of funds to the subrecipients? [2 CFR 200.305(a); 31 CFR Part 205, Subpart B]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Describe Basis for Conclusion: <a href="#">Accounting P&amp;P page 37 Cash Flow Management section</a>		

6.

	Grantee	HUD
a) If the Grantee is <b>not a State</b> and transfers grant funds to subrecipients, does the Grantee have standards to ensure the time elapsing is minimized between the receipt of funds from the Federal government and the transfer of funds to the subrecipients? [2 CFR 200.305(b)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<b>Provide Cross-Reference to Standards:</b>		
b) If the Grantee is <b>not a State</b> , and requests funds in advance, do the Grantee's standards allow the Grantee to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by the Grantee for direct program or project costs and the proportionate share of any allowable	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

indirect costs; and are the advance payments limited to the minimum amounts needed and timed to be in accordance with the actual, immediate cash requirements of the Grantee in carrying out the purpose of the approved project or program? (NOTE: The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the Grantee.)  
[2 CFR 200.305(b)(1)]

**Provide Cross-Reference to Standards:**

7.

	Grantee	HUD
If a Grantee holds cash advances in excess of three business days, including cash advances provided to subrecipients, does the Grantee have standards to provide a sufficient justification? (NOTE: Holding cash advances for a period longer than three business days is not a violation <i>per se</i> ; it may become a preliminary screening measure to determine whether further explanations are required).	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P, Page 5 #7 references compliance with 2 CFR Part 200.305</a>		

8.

	Grantee	HUD
a) Does the Grantee have standards to disburse funds available from program income (as defined by the Notice), including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds <u>before</u> requesting additional cash payments? [2 CFR 200.305(b)(5)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P Pages 18-20, Program Income</a>		
b) Does the Grantee have standards to ensure advance payments of HUD funds will be deposited and maintained in insured accounts whenever possible? [2 CFR 200.305(b)(7)(ii)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P page 16, Financial Reporting #6</a>		

<p>c) If the Grantee receives grant advances, does the Grantee have standards to maintain the advance payments in an interest-bearing account <u>or</u> meet one of the following exceptions?</p> <p>i. The Grantee receives less than \$120,000 in Federal awards per year.</p> <p>ii. The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.</p> <p>iii. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.</p> <p>[2 CFR 200.305(b)(8)]</p>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
<p><b>Provide Cross-Reference to Standards:</b>  Exception ii.</p>		

9.

	Grantee	HUD
<p>If grant advances will be deposited into an interest-bearing account, does the Grantee have standards for remitting interest income in excess of \$500 annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either the Automated Clearing House (ACH) network or a Fedwire Funds Service payment?</p> <p>[2 CFR 200.305(b)(9)]</p>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> Yes No N/A	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
<p><b>Provide Cross-Reference to Standards:</b>  N/A per above</p>		

## PARTE. COST SHARING OR MATCHING

11.

	Grantee	HUD
<p>Does the Grantee have standards to ensure contributions meeting cost sharing or matching requirements, including cash and third party in-kind contributions, meet the following criteria:</p> <p>a. Are verifiable from the Grantee's records;</p> <p>b. Are not included as contributions for any other Federal award;</p> <p>c. Are necessary and reasonable for accomplishment of project or program objectives;</p>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A	<input type="checkbox"/> <input type="checkbox"/> Yes No



d. Are allowable under Subpart E—Cost Principles; e. Are not paid by the Federal Government under another Federal award, except as authorized by Federal statute; f. Are provided for in the approved budget when required by HUD; and g. Conform to other provisions of 2 CFR part 200, as applicable? [2 CFR 200.306(b)]		
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P page 12 Cost Sharing and Matching (In-Kind)</a>		

12.

	Grantee	HUD
a) Does the Grantee have a system to identify unrecovered indirect costs included as a contribution for cost sharing or matching purposes? (NOTE: Unrecovered indirect costs are the difference between the amount charged to the HUD award and the amount which could have been charged to the HUD award under the Grantee's approved negotiated indirect cost rate.) [2 CFR 200.306(c)]	<input checked="" type="checkbox"/> <input type="checkbox"/> Yes No	<input type="checkbox"/> <input type="checkbox"/> Yes No
<b>Describe Basis for Conclusion:</b> <a href="#">Accounting P&amp;P p. 26-29</a>		
b) Does the Grantee have standards to request prior HUD approval of such inclusion? [2 CFR 200.306(c)]	<input checked="" type="checkbox"/> <input type="checkbox"/> Yes No	<input type="checkbox"/> <input type="checkbox"/> Yes No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P p. 26-29</a>		
c) Does the Grantee have standards to identify the non-cash contributions valued in accordance with the requirements at 2 CFR 200.306(d) through (j)? [2 CFR 200.306(d)-(j)]	<input checked="" type="checkbox"/> <input type="checkbox"/> Yes No	<input type="checkbox"/> <input type="checkbox"/> Yes No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P p. 15</a>		

**PART F. PROGRAM INCOME**

12.

	Grantee	HUD
If revenue-generating activities will be undertaken (e.g., rehabilitation loans, economic development loans), does the Grantee have a system to establish revenue accounts in its accounting records to record program income (as defined by the Notice)? [2 CFR 200.302(b)(3)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b> <a href="#">Accounting P&amp;P p. 18-20, Program Income</a>		

13.

	Grantee	HUD
a) Does the Grantee have a system to track program income (as defined by the Notice) generated by subrecipients? [2 CFR 200.302(b)(4)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Describe Basis for Conclusion:</b> <a href="#">Accounting P&amp;P p. 18-20, Program Income</a>		
b) Does the Grantee have a system to track program income (as defined by the Notice) retained by the subrecipient for ensuring that such income is reported in a timely and accurate manner? [2 CFR 200.302(b)(2)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Describe Basis for Conclusion:</b> <a href="#">Accounting P&amp;P p. 18-20, Program Income</a>		
c) Upon expiration of any agreements between the Grantee and its subrecipients, does the Grantee have a system to ensure the timely transfer of any funds required to be returned to the Grantee; and/or the timely transfer of outstanding loans or accounts receivable? [2 CFR 200.302(b)(4)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Describe Basis for Conclusion:</b> <a href="#">Accounting P&amp;P p. 18-20, Program Income</a>		

14.

	Grantee	HUD
Does the Grantee have standards to ensure that it will comply with the requirements governing the reporting on receipt and use of program income in the Disaster Recovery Grant Reporting System (DRGR)? [2 CFR 200.302(b)(2)]	<input checked="" type="checkbox"/> <input type="checkbox"/> Yes No	<input type="checkbox"/> <input type="checkbox"/> Yes No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Acc. P&amp;P - page 37 Federal Award Reporting and pages 18-20, Program Income</a>		

**PART G. REVISION OF BUDGET AND PROGRAM PLANS**

15.

	Grantee	HUD
a) Does the Grantee have standards to ensure that any changes made to the approved project's budget, scope, or objectives will be identified to HUD?	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P p. 45 Budget Modifications</a>		

	Grantee	HUD
b) Does the Grantee have standards to require HUD approval before making any of the following changes to a non-construction award?	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
i. Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).		
ii. Change in a key person specified in the application of the Federal award.		
iii. The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.		
iv. The inclusion, unless waived by HUD, of costs that require prior approval in accordance with Subpart E—Cost Principles of 2 CFR part 200, or 45 CFR part 75 Appendix IX, <i>Principles for Determining Costs Applicable to Research and Development under Awards and Contracts with Hospitals</i> , or 48 CFR part 31, <i>Contract Cost Principles and Procedures</i> , as applicable.		
v. The transfer of funds budgeted for participant support costs as defined in §200.75, <i>Participant support costs</i> ,		



<p>to other categories of expense.</p> <p>vi. Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award, including fixed amount subawards as described in §200.332, <i>Fixed amount subawards</i> (this provision does not apply to the acquisition of supplies, material, equipment or general support services).</p> <p>vii. Changes in the approved cost sharing or matching provided by the Grantee.</p> <p>viii. The need arises for additional Federal funds to complete the project.</p> <p>[2 CFR 200.308(c)(1)]</p>		
<p><b>Provide Cross-Reference to Standards:</b></p> <p><a href="#">Accounting P&amp;P Page 44 Budget and Program Revisions</a></p>		

16.

	Grantee	HUD
<p>Does the Grantee have standards to require HUD approval before making any of the following budget revisions whenever (a), (b), or (c) below applies to a construction award?</p> <p>a. The revision results from changes in the scope or the objective of the project or program.</p> <p>b. The need arises for additional Federal funds to complete the project.</p> <p>c. A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in 2 CFR part 200, Subpart E—Cost Principles.</p> <p>[2 CFR 200.308(g)]</p>	<p><input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No N/A</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No N/A</p>
<p><b>Provide Cross-Reference to Standards:</b></p> <p><a href="#">Accounting P&amp;P p. 45 Budget Modifications</a></p>		

**PARTH. PERIOD OF PERFORMANCE**

17.

	Grantee	HUD
<p>Does the Grantee have standards to ensure it will charge to the HUD award only allowable costs (except as described in §200.461, <i>Publication and printing costs</i>) incurred during the period of performance and authorized pre-award costs?</p>	<p><input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>Yes No</p>	<p><input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No</p>

[2 CFR 200.309]

**Provide Cross-Reference to Standards:**  
[Accounting P&P page 26-29 Charging of Costs to Federal Awards](#)

## PART I. RECORD RETENTION AND ACCESS

18.

Grantee	HUD	Grantee
Does the Grantee have standards to comply with applicable record retention and access requirements? [24 CFR 570.502; or 24 CFR 570.490]	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P page 49 Record Retention</a>		

## PART J. AUDIT REQUIREMENTS

**Instructions:** A Grantee that expends \$750,000 or more during the Grantee's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of 2 CFR part 200, Subpart F, *Audit Requirements*. Grantees that provide Federal awards to subrecipients are referred to as "pass-through entities." A subrecipient must also have a single or program-specific audit if it meets the \$750,000 expenditure threshold. Pass-through entities are required by 2 CFR 200.331 to ensure compliance with Subpart F. A Grantee that expends less than \$750,000 in Federal awards during the entity's fiscal year is exempt from audit requirements for that year, except as noted in 2 CFR 200.503. This section of questions is designed to assist the HUD reviewer in determining whether the Grantee is able to comply with the required elements of an audits management system.

19.

	Grantee	HUD
Does the Grantee have standards to meet the annual expenditure threshold (\$750,000) for having a single or program-specific audit conducted? If "no," skip questions 22 through 27.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P pages 45-48, Annual Audit. The Financial Accounting and Reporting Section (FARS) within the State Auditor's Office ensures the performance of a single audit each fiscal year.</a>		

20.

	Grantee	HUD
a) Does the Grantee have standards to procure or arrange for the audit services in accordance with the procurement standards at 2 CFR 200.317 – 200.326? [2 CFR 200.508(a) and 2 CFR 200.509]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">State Auditor procures audit services under West Virginia Purchasing Division Procedures Handbook Section 3.7.1.2. See Appendix RFP-5</a>		
b) Does the Grantee have standards to request for proposal audit services that clearly state the objectives and scope of the audit? NOTE: the Grantee requests a copy of the audit organization's peer review report which the auditor is required to provide under Generally Accepted Government Auditing Standards (GAGAS)? [2 CFR 200.509(a)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">State Auditor procures audit services under West Virginia Purchasing Division Procedures Handbook Section 6. See Appendix RFP-5</a>		
c) Does the Grantee have standards to apply the factors, to be considered in evaluating the proposal for audit services which include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price? [2 CFR 200.509(a)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">State Auditor procures audit services under West Virginia Purchasing Division Procedures Handbook Section 6.2.4. See Appendix RFM-5</a>		
d) Does the Grantee have standards to make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, in procuring audit services as stated in §200.321, <i>Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms</i> ? [2 CFR 200.509(a)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">See West Virginia Purchasing Division Procedures Handbook, Sections 4.4 and 6.3.2. See Appendix RFM-5</a>		



21.

	Grantee	HUD
Does the Grantee have standards for the auditee prepare financial statements, including the schedule of expenditures of Federal awards, required by 2 CFR 200.510? [2 CFR 200.508(b)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">West Virginia State Auditor includes this requirement each year in the scope of services for its external auditor.</a>		

22.

	Grantee	HUD
Does the Grantee have standards to promptly follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with 2 CFR 200.511(b) and 2 CFR 200.511(c), respectively? [2 CFR 200.303(d) and 2 CFR 200.508(c)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P page 45-47</a>		

23.

	Grantee	HUD
Does the Grantee have a system to electronically submit to the Federal Audit Clearinghouse the data collection form described in 2 CFR 200.512(b) and reporting package described in 2 CFR 200.512(c) within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period? [2 CFR 200.512(a) and (d)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Describe Basis for Conclusion:</b> <a href="#">Accounting P&amp;P page 45, Role of the Independent Auditor</a>		

24.

	Grantee	HUD
a) Does the Grantee have standards to inform subrecipients of the 2 CFR part 200, Subpart F audit requirements at the time of the subaward? [2 CFR 200.331(a)(2)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Provide Cross-Reference to Standards:**[Accounting P&P pages 23-25, Monitoring of Subrecipients](#)

b) Does the Grantee have standards to verify that every subrecipient is audited, as required by Subpart F, when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the \$750,000 expenditure threshold?  
[2 CFR 200.331(f)]

☒ Yes   ☐ No

☐ Yes   ☐ No
**Provide Cross-Reference to Standards:**[Accounting P&P p. 24 #9](#)

c) Does the Grantee have standards to ensure that the subrecipients take timely and appropriate action on all deficiencies pertaining to HUD awards it provided to subrecipients that were detected through audits, on-site reviews and other means?  
[2 CFR 200.331(d)(2)]

☒ Yes   ☐ No

☐ Yes   ☐ No
**Provide Cross-Reference to Standards:**[Accounting P&P Page 24-25 #10f and 12](#)

d) Does the Grantee have standards to issue a management decision for audit findings that relate to HUD awards that it makes to subrecipients?  
[2 CFR 200.331(d)(3)]

☒ Yes   ☐ No

☐ Yes   ☐ No
**Provide Cross-Reference to Standards:**[Accounting P&P p. 24 #9, Monitoring of Subrecipients](#)

25.

	Grantee	HUD
Does the Grantee have standards to ensure that the HUD award is charged no more than a reasonably proportionate share of the costs of audits required by, and performed in accordance with 2 CFR part 200, Subpart F? [2 CFR 200.425(a)]	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">Accounting P&amp;P p.24 #9, Monitoring of Subrecipients</a>		

26.

When a auditee expends Federal awards under only one Federal program and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with §200.507, *Program-specific audits*. When a program-specific audit is elected for a HUD program, the auditee and auditor must have basically the same responsibilities for the Federal program as they would have for an audit of a major program in a single audit. Answer the following questions only if the Grantee has elected to have a previous program-specific audit performed.

	Grantee	HUD
a) Does the Grantee have standards to ensure the auditee prepared the financial statement(s) for the HUD program that includes, at a minimum, a schedule of expenditures of Federal awards for the program and notes that describe the significant accounting policies used in preparing the schedule, a summary schedule of prior audit findings consistent with the requirements of 2 CFR 200.511(b), and a corrective action plan consistent with the requirements of 2 CFR 200.511(c)? [2 CFR 200.507(b)]	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Provide Cross-Reference to Standards:</b> <a href="#">West Virginia does not anticipate conducting a program specific audit.</a>		
b) Does the Grantee have a system to electronically submit to the Federal Audit Clearinghouse the reporting package required by 2 CFR 200.507(c)(3) and the data collection form prepared in accordance with 2 CFR 200.512(b) within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period? [2 CFR 200.507(c)]	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Describe Basis for Conclusion:</b> <a href="#">West Virginia does not anticipate conducting a program specific audit.</a>		



# ***State of West Virginia***

## ***Department of Commerce***



1

## **Accounting & Financial Policies and Procedures Manual**

<sup>1</sup> In 2015, a merger commenced between the West Virginia Office of Economic Opportunity (WVVOEO) and the West Virginia Office of Community Advancement and Development (WVCAD). As of March 20, 2017, this merger **was not yet complete**. All references to "WVVOEO" in this *Accounting & Financial Policies and Procedures Manual (Manual)* include the WVCAD. This *Manual* governs all financial management activities of the WVCAD and all programs administered by the WVCAD. Once the merger is complete, this *Manual* shall be updated and provided to federal funding partners and other state partners as appropriate.

**Effective Date(s) of Accounting Policies**

The effective date of all accounting policies described in this manual is January 15, 2015. Updated March 1, 2017.